

Canada and Its Tax Treaties

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INCOME TAX
Non-Resident Series



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Ce dépliant est aussi disponible en français sous le titre «Le Canada et ses conventions fiscales».

This leaflet is only a guide. For official purposes, please refer to the Income Tax Act.

Copies of this leaflet are available free of charge from district taxation offices.

If you no longer live in Canada but receive all or part of your income from Canadian sources, you should determine whether your country of residence has a treaty with Canada. There may be provisions in the treaties that would exempt you from paying tax on that income in Canada.

What is a tax treaty?

A tax treaty, also called an agreement or convention, is a carefully negotiated bilateral treaty reconciling certain provisions of Canadian tax law with those of the other country involved in the negotiations.

Tax treaties provide special rules for determining

- the country in which taxpayers are resident,
- the types of income that may be taxed in each country,
- the special treatment to be given to specific types of income,
- the rates of withholding tax on specific sources of income paid to non-residents.

As a member of the Organization for Economic Cooperation and Development (OECD), Canada

has patterned most of its tax treaties on the OECD model tax convention.

Each tax treaty entered into is subsequently implemented by a Canadian statute which provides that the treaty in question is to have the force of law. If there is any conflict between the wording of a tax treaty and provisions in the Canadian Income Tax Act, the tax treaty will overrule the Act, at least to the extent of the inconsistency.

Canada enters into tax treaties to prevent double taxation of its residents and at the same time ensure that they do not completely avoid the payment of tax in both countries.

Double taxation

The problem of double taxation arises because each country has its own tax system and basis for imposing tax. Thus people who live in one country and derive income from another country, could be liable to pay tax in both countries on the same income. Tax treaties attempt to prevent this from occurring. The two countries generally decide which country will collect the tax that is due – the place of residence or the country where the income is earned.

Taxpayers who consider that they have not been treated in accordance with the tax treaty (i.e. they feel they have been subject to double taxation), may institute "competent authority" procedures. The request for competent authority consideration is

generally made to the tax department in the country where the taxpayer is a resident for tax purposes. It is simply a request for the governments of both countries to review the facts to ensure that the taxpayer is treated in accordance with the terms of the tax treaty. Information Circular 71-17R2, available from district offices, outlines the procedures for requesting "competent authority" consideration.

Tax avoidance

Tax treaties also ensure that residents of Canada do not avoid paying any tax in either country.

To prevent tax avoidance, tax treaties provide for an exchange of information so that tax authorities of the two countries can determine whether taxes are being avoided.

Refund of tax withheld

Paragraphs 65 to 75 of Information Circular 77-16R2 outline the procedures to be followed in Canada by both residents and non-residents requesting a refund of non-resident tax withheld.

Countries having tax treaties with Canada

The countries on the following list have tax treaties in force with Canada. In addition, agreements have been signed with Brazil, Cameroon, Cyprus, Ivory Coast, Kenya, Liberia, Sri Lanka, Thailand and Zambia but are not yet in force.

Australia	Malaysia
Austria	Morocco
Bangladesh	The Netherlands
Barbados	New Zealand
Belgium	Norway
Denmark	Pakistan
Dominican Republic	Philippines
Egypt	Romania
Finland	Singapore
France	South Africa
Germany, Fed. Rep. of	Spain
Indonesia	Sweden
Ireland	Switzerland
Israel	Trinidad & Tobago
Italy	Tunisia
Jamaica	United Kingdom
Japan	United States
Korea, Rep. of	

For further information on rates and types of income, obtain Information Circular 76-12R2. If you believe that you may be covered by a tax agreement, contact your district office for further guidance.

References

Information circulars

- 71-17R2 Requests for "Competent Authority" consideration under the income tax agreements and conventions between Canada and other countries
- 76-12R2 Applicable rate of Part XIII tax on amounts paid or credited to persons in treaty countries
- 77-16R2 Non-resident income tax

Interpretation bulletins

- IT-270R Foreign tax credit and deduction

District taxation offices

DISTRICT TAXATION OFFICES

NEWFOUNDLAND

01 - 165 Duckworth St.
St. John's, Nfld.
A1C 5X6
Local calls: 772-5050
Long distance calls:
1-772-5060

PRINCE EDWARD ISLAND

02 - 90 Richmond St.
Charlottetown, P.E.I.
C1A 8L3
Local calls: 566-7200
Long distance calls:
1-566-7200

NOVA SCOTIA

03 - 1557 Hollis St.
Halifax, N.S.
B3J 2T5
Local calls: 426-2210
Long distance calls:
1-426-3360

NEW BRUNSWICK

05 - 65 Canterbury St.
Saint John, N.B.
E2L 4H9
Local calls: 648-4600
Long distance calls:
1-800-222-9622

786 King Ave.
Bathurst, N.B.
E2A 1R5
Local calls only: 548-4407

QUEBEC

06 - 165 Pointe aux Lièvres St. S.
Québec, Québec
G1K 7L3
Local calls: 648-3180
Long distance calls:
- From area code 418, dial
1-800-463-4421
- From area code 819, dial
1-800-463-4413

55 Racine St. E.
Chicoutimi, Québec
G7H 1P9
Local calls only: 545-1912

411 Sirois St.
Rimouski, Québec
G5L 8B2
Local calls only: 722-3111

1055 des Forges Blvd.
Trois Rivières, Québec
Local calls only: 373-2723

07 - 50 Couture St.
Sherbrooke, Québec
J1H 5L8
Local calls: 565-4888
Long distance calls:
1-800-567-6184

08 - 305 Dorchester Blvd. W.
Montréal, Québec
H2Z 1A6
Local calls: 283-5300
Long distance calls:
Zenith 0-4000

46 - 3131 St. Martin Blvd. W.
Laval, Québec
H7T 2A7
Local calls only: 283-5300

47 - 5245 Cousineau Blvd.
St. Hubert, Québec
J3Y 7Z7
Local calls only: 283-5300

09 - 11 Terminus St. E.
Rouyn, Québec
J9X 3B5
Local calls: 764-5171
Long distance calls:
Zenith 0-4000

ONTARIO

10 - 360 Lisgar St.
Ottawa, Ont.
K1A 0L9
Local calls: 598-2275
Long distance calls:
- From area code 613, dial
1-800-267-8440
- From area code 819, dial
1-800-267-4735

11 - 385 Princess St.
Kingston, Ont.
K7L 1C1
Local calls: 542-2831
Long distance calls:
1-800-267-0922

12 - 11 Station St.
Belleville, Ont.
K8N 2S3
Local calls: 962-8611
Long distance calls:
1-800-267-2130

13 - 36 Adelaide St. E.
Toronto, Ont.
M5C 1J7
Local calls: 869-1500
Long distance calls:
- From area code 416, dial
1-800-387-1700
- From area codes 519, 705, dial
1-800-387-1710

14 - 150 Main St. W.
Hamilton, Ont.
L8N 3E1
Local calls: 522-8671
Long distance calls:
- From area code 416, dial
1-800-263-9200
- From area code 519, dial
1-800-263-9210

15 - 166 Frederick St.
Kitchener, Ont.
N2G 4N1
Local calls: 579-2230
Long distance calls:
1-800-265-2530

16 - 32 Church St.
St. Catherines, Ont.
L2R 3B9
Local calls: 688-4000
Long distance calls:
1-800-263-5672

17 - 451 Talbot St.
London, Ont.
N6A 5E5
Local calls: 679-4211
Long distance calls:
1-800-265-4900

18 - 185 Ouellette Ave.
Windsor, Ont.
N9A 5S8
Local calls: 258-8302
Long distance calls:
1-800-265-4841

Number for
Hearing Impaired:
1-800-665-0354

19 - 19 Lisgar St. S.
Sudbury, Ont.
P3E 3L5
Local calls: 675-0581
Long distance calls:
1-800-461-4060

20 - 201 North May St.
Thunder Bay, Ont.
P7C 3P5
Local calls: 623-3443
Long distance calls:
1-800-465-6981

MANITOBA

21 - 391 York Ave.
Winnipeg, Man.
R3C 0P5
Local calls: 949-6350
Long distance calls:
1-800-282-8079

SASKATCHEWAN

22 - 1955 Smith St.
Regina, Sask.
S4P 2N9
Local calls: 359-6015
Long distance calls:
800-552-8031

23 - 201 - 21st St. E.
Saskatoon, Sask.
S7K 0A8
Local calls: 665-4595
Long distance calls:
800-772-8737

ALBERTA

24 - 220 - 4th Ave. S.E.
Calgary, Alta.
T2G 0L1
Local calls: 231-4101
Long distance calls:
1-800-332-1410

25 - 9820 - 107th St.
Edmonton, Alta.
T5K 1E8
Local calls: 420-3510
Long distance calls:
1-800-232-1966 (Alta.)
Northwest Territories and
Northeastern B.C.
1-800-661-5620

BRITISH COLUMBIA

26 - 277 Winnipeg St.
Penticton, B.C.
V2A 1N6
Local calls: 493-3616
Long distance calls:
1-800-642-8259

27 - 1166 West Pender St.
Vancouver, B.C.
V6E 3H8
Local calls: 689-5411
Long distance calls:
112-800-663-9033
Yukon Territory and
Northeastern B.C.
1-800-663-0451

28 - 1415 Vancouver St.
Victoria, B.C.
V8V 3W4
Local calls: 388-0121
Long distance calls:
112-800-742-6108

Long Distance Calls: No charge
to caller in Canada.
- For Zenith numbers, dial "0" and
ask for Zenith 0-4000
- For other numbers, dial direct